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Atorneys for: Tulare Local Healthcare District

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA**

FRESNO DIVISION

In re

CASE NO. 16-10015-FEC

SOUTHERN INYO HEALTHCARE DISTRICT,

Chapter 9

Debtor.

DC No. FEC-3

Date: July 24, 2019

Time: 1:30 p.m.

Place: 2500 Tulare Street
Fresno, CA 93721

5th Floor, Courtroom 11

STATEMENT OF POSITION REGARDING ORDER TO SHOW CAUSE FOR DISMISSAL

TO THE HONORABLE FREDRICK E. CLEMENT, UNITED STATES BANKRUPTCY JUDGE:

Tulare Local Healthcare District, dba Tulare Regional Medical Center, respectfully comes before the Court so that its position with respect to dismissal of the Chapter 9 case of Southern Iny Healthcare District can be made known to the Court.

As the Court knows, TRMC is a debtor in its own Chapter 9 proceeding pending before the Honorable René Lastreto II. As such, TRMC is acutely aware of the many difficulties faced by small district hospitals seeking to adjust their debts. While TRMC is sympathetic to the plight of SIHCD, it believes that it is being unfairly castigated in the Debtor's response to this Court's Order to Show Cause Regarding Dismissal.

It is correct that TRMC has filed a large claim in the Chapter 9 proceeding of Southern Inyo Healthcare District. Likewise, SIHCD has filed a claim in the TRMC Chapter 9 case.

Recognizing that its "sister District" was floundering, TRMC has not aggressively pressed this issue believing that there was little to be gained until it could be determined if SIHCD would survive.

For quite some time when SIHCD was represented by other counsel, TRMC made overtures to SIHCD in an effort to resolve the issues and TRMC made numerous requests of SIHCD for documentation to support the claim SIHCD has asserted against TRMC. Such documentation has never been forthcoming and given the frequent changes in administrators at SIHCD it just did not seem productive to push very hard. However, now that SIHCD has made this an issue it is clear that there will have to be proceedings to determine how much SIHCD owes to TRMC so that TRMC can make a decision as to whether it will support a plan of adjustment.

Additionally, TRMC has made the decision to evaluate whether it will bring an adversary proceeding against SIHCD for misuse of public monies. TRMC made significant advances of money to SIHCD and TRMC is of the view that these were unlawful actions.

Nonetheless, even though this case is three years old, TRMC does not oppose giving Southern Inyo Healthcare District a couple of weeks to get a Plan on file, and suggests that the Order to Show Cause be continued for approximately 60 days to see if SIHCD does, indeed, move forward with all deliberation.

Dated: July 17, 2019

Respectfully submitted,

WANGER JONES HELSLEY, P.C.

By: Riley C. Walter

Riley C. Walter, Attorneys for
Tulare Local Healthcare District, dba
Tulare Regional Medical Center